



Dropship Vendor Requirements
for Orchard Divisions:

APPLESEED'S

BLAIR

DRAPER'S & DAMON'S

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Dropship Requirements

Any Bluestem Brands' Purchase Order that ships directly from Vendor's facility/warehouse to the end customer is considered a Dropship Order and subject to these requirements.

Vendor Setup

Minimum Participation Requirements

1. Vendors must adhere to the Minimum Integration Requirements found within our Active Community Management (ACM) system. These Minimum Requirements are also posted on the Bluestem Brands Partner Portal under the Potential Vendor tab.
2. All required electronic forms in the ACM system must be complete, accurate, and properly submitted to initiate the New Vendor setup process.

Certificate of Liability Insurance Requirements

For all Suppliers providing goods on any platform of BLST TopCo LLC and its affiliates (individually and collectively, "Bluestem"), Supplier shall have and maintain in full force and effect in the following amounts and conditions:

- **Commercial General Liability** insurance, including Personal and Advertising Injury, Products/Completed Operations, Medical Payments, Bodily Injury, and Property Damage, with minimum limits of \$1,000,000 per occurrence / \$2,000,000 aggregate.
- **Product Liability** insurance with limits of \$3,000,000 per occurrence (\$10,000,000 per occurrence for certain product categories²)
- **Workers Compensation/Employer's Liability** insurance, for any Supplier whose employees will be entering Bluestem's premises, with statutory limits, or \$1,000,000 if no statutory requirement, and \$1,000,000 in employer's liability coverage.
- **Automobile Liability** insurance, for any Supplier whose employees or agents will be driving on Bluestem's premises or making delivery to Bluestem's premises, with minimum limits of \$1,000,000 per occurrence.
- **Umbrella/Excess Liability** insurance is acceptable to meet the above defined requirements. Supplier shall cause each insurance company to provide the insurance on an umbrella basis in excess over and no less broad than the liability coverages required herein (including as to Bluestem's additional insured status), with the same inception and expiration dates as Commercial General Liability insurance, and the umbrella is follow form.

All insurance required herein shall (1) contain a waiver of subrogation in favor of Bluestem, where permitted by law and (2) provide that such insurance is primary, non-contributory, and not excess coverage. Additionally, Commercial General Liability, Product Liability, Automobile Liability and Umbrella/Excess Liability shall (a) contain coverage for Contractual Liability, (b) provide that defense costs will not apply against coverage limits, and (c) name "BLST TopCo LLC and its affiliates" as additional insured, or equivalent.

Each insurance policy shall be issued by a U.S. domiciled insurer duly licensed in the state where the policy is issued, with an AM Best Financial Strength Rating of A or better and AM Best Financial Size Category Rating of VII or better. A complete copy of the policy shall be provided to Bluestem on request. If at any time during the term of coverage, an insurer's AM Best Financial Strength Rating is downgraded to below A, Supplier shall at its sole cost and expense procure new coverage meeting the above criteria with an insurer meeting the preceding minimum requirements for Financial Strength and Financial Size Category Ratings. Each insurance policy should be occurrence based.

Supplier must provide current Certificates of Insurance and copies of pertinent policy endorsements verifying Supplier's compliance with the insurance requirements above (i) upon the earlier of either Supplier's execution of a Supplier Agreement with Bluestem or Supplier's first shipment of product to

Bluestem, (ii) at any time upon request of Bluestem, and (iii) upon renewal or replacement of any policy required above. Each Certificate of Insurance shall:

- Show Supplier and all affiliate and subsidiary names as the Named Insured
- Provide information as is standard on the ACORD 25 Certificate of Liability Insurance
- List all Supplier's names and subsidiaries of insured doing business within a vendor number
- Show the self-insured retention (SIR)
- Show the following as Certificate Holder and Additional Insured:
 - BLST TopCo LLC and its affiliates
 - 13300 Pioneer Trail
 - Eden Prairie, MN 55347
- Provide valid COI upon request through initial registration process, annual renewal activity, or email.
- If the certificate of insurance does not comply with these requirements, a delay may occur in Bluestem's dealings with Supplier. Failure to maintain the required insurance coverage may result in inactivation of the account. Orders and payments may be withheld until the certificate of insurance has been received and approved by Bluestem.
- Supplier shall identify and maintain a contact in the U.S. to be reached during normal business hours for customer claims.

✦Product-specific insurance limits: Product liability limits of no less than \$10 million per occurrence shall apply to the following.

Baby, infant and toddler products used for carrying, transporting, exercise or care (e.g., car seats, carriers, cribs, bassinets, bathers, nurseries, highchairs, remote monitors, exercise equipment)	Products potentially confused with guns (e.g., realistic toy guns)	Trampolines
Ride-on devices, powered and non-powered (e.g., go-carts, mini-bikes, riding tractors and mowers, tricycles, bicycles, scooters, skateboards, skates, water and snow skis, boards, slides, and gliders)	Products for storage or dispensing of flammables (e.g., fuel cans)	Ladders
Guns, other products that propel projectiles, and their related supplies (e.g., BB guns, paintball guns, black powder guns, crossbows and bolts, bows, arrows, slingshots, ammunition, and projectiles)	Products to lift, tow or work under vehicles (e.g., lifts, jacks, tow ropes, ramps, stands, creepers, and hoists)	Stun guns
Power tools and their related supplies (e.g., chainsaws, electric saws, lawn mowers, welders, cutters, hedge trimmers, planers, heaters, generators and weed trimmers)	Mobility devices (e.g., canes, walkers, wheelchairs, and rollators)	Tires
Protective equipment (e.g., helmets, safety glasses, hearing protection and protective vests)	Drones	

Email questions and certificates to: Supplier.Management@bluestembrands.com

Example COI for reference

Certificate of Liability Insurance requirements for **BLST TopCo LLC and its affiliates**

Please note the example on the following page is for **reference only**. **Coverage requirements may be higher based on specific products/categories as defined in our Vendor Manual.**



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Insurance Broker Information Here	CONTACT NAME: _____	
	PHONE (A/C No. Ext): _____	FAX (A/C No.): _____
E-MAIL ADDRESS: _____		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Vendor Name and Address Information Here (name must list all affiliates and subsidiaries)	INSURER A: Insurance Carrier Information Here	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER: _____	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPYOP AGG \$ 2,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

BLST TopCo LLC and its affiliates are named as additional insured as required by written contract. Umbrella is follow form over primary casualty.

CERTIFICATE HOLDER BLST TopCo LLC and its affiliates 13300 Pioneer Trail Eden Prairie, MN 55347	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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New Vendor Setup Process

1. Vendors must complete all testing and certification, including establishing an Order Broker connection to receive and process orders and inventory. See Electronic Order Processing (EDI) for additional information on Order Broker requirements.
2. Failure to comply with the New Dropship Vendor setup guidelines may result in delays to Vendor's product launch and subsequent sales.
3. Vendors must provide accurate information during the product submission process including:
 - a. Shipping carton dimensions, L x W x H in inches
 - b. Weight in pounds
 - c. UPC code

Cost of Goods

1. Cost of Goods Sold (COGS) must be submitted with the product information using Product Manager on the Partner Portal. Once approved, COGS will be locked, and remain until such time as a COGS change submission is approved and processed.
2. COGS provided on the Dropship Order transmission must reflect total cost inclusive of all handling or Dropship fees, and shipping if shipping is prepaid. Bluestem Brands may request a detailed breakdown of the COGS.
3. COGS changes must be submitted in writing at least ninety (90) days prior to the COGS change effective date, and at least one-hundred twenty (120) days in advance for items slotted in a catalog or other printed marketing material. Vendors must honor the existing price until Bluestem Brands has received, approved and processed the COGS change.
4. COGS on the Dropship Order is final. It is Vendor's responsibility to validate COGS when the Dropship Order is received. If Vendor believes the COGS on a live Dropship Order is incorrect, contact Bluestem Brands buying team to begin the COGS change paperwork. The COGS change will not be honored until the proper paperwork has been submitted and Vendor must continue to accept and fulfill orders at the original COGS until the change is processed.

General Protective Packaging Requirements

All merchandise in self-shippable packaging must pass International Safe Transit Association test methods ISTA-3A / ISTA-6 or. All ISTA packaging tests must be done at an approved lab. Vendors must be able to provide proof that the packaging has passed ISTA tests if requested by Bluestem.

All merchandise not in self-shippable packaging must be overwrapped with what additional packaging is required to make sure that the product arrives to the customer without damage.

Products with high return rates and/or poor reviews may be removed from sale until packaging has been reconfigured. The product will not be added back for sale until the new packaging has passed ISTA tests at an approved lab.

You can find more information on Bluestems Brands protective packaging requirements in the **Bluestem Brands Vendor Manual Eatonton GA Fulfilment under section Unit Packaging Requirements**.

If you have any questions or concerns about your protective packaging meeting Bluestem Brands requirements you can reach out to the Packaging department at IDCPackaging@bluestem.com

Product Shipping

1. Each SKU on the Dropship Order must be individually packaged within the over-box (Carton) in an appropriate carton or polybag, unless the product packaging meets ISTA requirements to ship as packaged via small parcel carrier.
2. Each product must be labeled with a product identifier, ideally the GTIN/UPC or Vendor Part Number to aid in identification in the event of a return.
3. All Vendors are required to process consolidated purchase orders. These orders should be consolidated into as few cartons as possible to minimize the number of packages shipped to the customer without jeopardizing the safety of the items during transit.
4. For multiple carton shipments, Vendors must enclose a copy of the packing slip in each carton, or alternatively clearly label each carton as being part of a multiple carton shipment (e.g., "1 of 2 shipments").
5. Vendors are prohibited from enclosing inserts not provided by Bluestem Brands without prior written approval from the Bluestem Brands Buyer. This includes but is not limited to product guides, catalogs, rebates or marketing materials.
6. No pricing of any kind should be visible on the product unless prior written approval is received from the Bluestem Brands Buyer.
7. The Vendor is responsible for ensuring that product labels or ticketing visible on the product or its packaging do not conflict with the Bluestem Brands' sales channel. Absolutely no reference to other retailers is allowed.

Polybag Requirements (Individual Unit Bag)

- a. Material: 1.0+ mil Polyethylene (no other materials are acceptable)
 - i. Polybags need to be capable of withstanding normal handling and shipping without tearing, breaking, ripping, or not being capable of containing the product through the complete distribution cycle. The product may require a greater mil plastic, sufficient to withstand warehouse and shipping handling, depending on the product type and attributes (i.e., mattresses, rugs, etc.).

2. Polybags must be a clear, transparent material.
3. Polybags should be sized accordingly to the product and should have 3" or less of extra space beyond the product's dimensions.
4. Poly bags must be completely sealed:
 - a. Heat sealed, adhesive or tape closures are acceptable.
 - b. The bag should be sealed sufficiently and should not open during the handling and shipping process.
5. Each polybag **MUST** contain a moisture control strip. Bluestem Brands does not permit the use of Silica Gel Packets.
6. Supplier must know and comply with all federal, state and local laws and regulations regarding suffocation warnings.
 - a. To help in the prevention of child suffocation, a Suffocation Warning Label must be either be printed or attached as a label on **all** Polybags that satisfy the following conditions:
 - i. A Polybag that is 1.5 mil or less in thickness: **and**
 - ii. The opening of the Polybag is 5 inches wide in diameter or more (measured when flat)
 - b. The Suffocation Warning Label must have the following language, or a substantially similar statement approved by state authorities as applicable
"WARNING-TO AVOID DANGER OF SUFFOCATION, KEEP THIS PLASTIC BAG AWAY FROM BABIES AND CHILDREN. DO NOT USE THIS BAG IN CRIBS, BEDS, CARRIAGES OR PLAYPENS. THIS BAG IS NOT A TOY."
 - c. The Suffocation Warning Label must be printed directly on the bag or on a label securely attached to the bag. The type font should be clear, distinct, and conspicuous in color, layout, contrast. If the Suffocation Warning Label is printed on a label that is then attached to the poly bag, the printing technique must result in a label that will not smear.
 - d. Where a poly bag has a total length and width of more than 40 inches, the Suffocation Warning Label must be repeated at intervals of 20 inches or less.
 - e. The print size of the Suffocation Warning Label shall be as follows:

Total Length and Width of the Poly Bag	Size of Print
Less than 25 inches	10 point minimum
25 to 39 inches	14 point minimum
40 to 59 inches	18 point minimum
60 inches or more	24 point minimum

If a vendor refuses to comply with the updated Suffocation Warning Label requirements, there may be a delay in receiving and the vendor may be subject to additional costs for unplanned services or noncompliance.

Packing Slips & Enclosures

1. Each carton must contain the appropriate branded Packing Slip and strictly conform to the Order Broker provided branded Packing Slip specifications. Per the specifications, all

data elements labeled as “required” must be present and all standard text must be reproduced exactly as written.

2. Vendor must reproduce each Bluestem Brands Divisions' (Appleseed's, Blair, and Draper's & Damon's) trademarks and logos exactly and the final printed product must be clear, clean, and legible to the end customer.
3. The Packing Slip may be multiple pages and must be printed single sided in color or black & white.
4. Internally generated Packing Slips must be approved prior to use. Bluestem Brands has final approval on any branded documents and reserves the right to delay launch or testing until an acceptable Packing Slip is approved in writing. Vendors who download the pre-printed packing slip from the Order Broker will automatically comply.
5. From time to time Bluestem Brands may amend the Packing Slip, including changing the required fields, standard text, logos or overall format of the document. Vendors who produce the Packing Slip internally have thirty (30) days to comply with the modified Packing Slip specifications, or Bluestem Brands may require the Vendor suspend the use of the internal document until compliance can be achieved.
6. If at any time in the future the Vendor opts to move from an Order Broker created packing slip to one internally created, or if system modifications alter the packing slip in a material way, the Vendor must notify Bluestem Brands of the transition and provide a new, production copy of the packing slip prior to inserting in customer shipments.
7. Under no circumstances may Vendors hand-write or mark the branded packing slip, including fax transmission information. This document is used as the customer's invoice and should not be altered.
8. The packing slip must be affixed to the outside of the carton or packaged inside.
9. Sample Packing Slips for each Bluestem Brands Division can be found on our vendor documents website at: http://www.habandapparel.com/edi/spec_manual.html
(refer to section titled Drop Ship)

Shipment Labeling

1. Vendors must setup the outbound shipment label identifying Bluestem Brands' return address and utilizing the correct Bluestem Brands Divisions' {Appleseed's, Blair, or Draper's & Damon's} as the ship from name.
 - a. Return Address:
148 Industrial Blvd
Eatonton, GA 31024
2. Vendor must comply with all other carrier labeling requirements, including but not limited to barcodes, heavy package cautions, hazardous material (i.e., lithium batteries), Dry Ice, Perishable, etc.
3. It is the Vendor's responsibility to follow carrier requirements in clearly labeling the package with the customer Ship-To Address.

4. Appropriate Carrier reference fields must be populated for Bluestem Brands to reconcile freight costs and process inbound returns.
 - a. **Your Reference** – Purchase Order Number – Example: 7992722
 - b. **P.O. no.** – Purchase Order Number – Example: 7992722
 - c. **Department no.** – Bluestem Vendor Number – Example: 31234
5. Sample Shipping Labels for each Bluestem Brands Division can be found on our vendor documents website at: http://www.habandapparel.com/edi/spec_manual.html
(refer to section titled Drop Ship)

Shipment Routing & Billing

Freight terms are determined between the Vendor and the Bluestem Brands Buyer.

Third Party Billing

1. Where Vendor and Bluestem Brands Buyer have agreed that Bluestem Brands will bear the cost of shipping the goods to the end customer, Vendor must utilize provided third Party Billing Accounts assigned by Bluestem Brands Transportation and ship via the carrier identified on the Dropship Order transmission.
2. Vendors will be required to support 3rd Party Shipping Method Instruction (e.g., Ship Codes or Carrier Codes) on Bluestem orders and shipment confirmations.
 - a. All Orchard shipments should be shipped via the specified carrier on the order transaction using "ground" service level.
3. Shipments sent third party bill are considered FOB Origin, and ownership transfers to Bluestem Brands at the point the goods are deposited into the carrier's possession and Bluestem Brands receives a successfully processed electronic shipment confirmation with a valid tracking number.
4. Vendors with FOB Origin terms who fail to utilize or properly configure the third Party Billing Account will be responsible for any customer shipments not shipped on Bluestem Brands carrier's accounts. Shipping costs for such errors will not be reimbursed unless agreed to in writing.
5. Third Party account information provided to the Vendor by Bluestem Brands may only be used to ship Bluestem Brands Dropship Orders. Unauthorized use of the account(s), including using the account(s) to ship goods to Bluestem Brands' warehouse locations, will result in a full chargeback of the unauthorized charges as well as a \$50 administrative fee per incident. Vendors are responsible for protecting the account information to prevent misuse, and for ensuring that billing is appropriately setup within the Vendor's systems and processes. Shipments that cannot be reconciled against the tracking data on the shipment confirmation will be charged back to the Vendor.
6. If a vendor ships an order using an incorrect account number and is requesting reimbursement, the request must be submitted to Dropship.Freight@BluestemBrands.com within 60 days of the FedEx invoice, include the tracking and account numbers. Bluestem will follow the FedEx Re-Bill process
 - a. The vendor will incur a Re-Bill fee per package level incident
 - b. The Re-Bill fee will be applied to the vendors future FedEx invoicePlease email Dropship.Freight@BluestemBrands.com for processing

7. For third Party Dropship Order shipments Bluestem Brands will solely determine the appropriate shipping surcharges to charge the customer for delivery of the product.
8. Bluestem Brands does not allow for additional charges to be placed on the third-party carrier's account and any shipment with non-approved options will be considered non-compliant and subject to a penalty. These options include, but are not limited to:
 - a. Express Shipments (Saturday pick up, Air, etc.)
 - b. Direct/Indirect Signatures
 - c. Declared Value
 - d. Next Day On Call Fees
9. Any potential freight claims that may arise from shipments sent using Bluestem Brands Third Party Billing will be filed by Bluestem Brands directly with the carrier. Vendors may be required to provide supporting documentation to backup Bluestem Brands claim. Responses to freight claim documentation requests should be provided within two (2) business days.

Prepaid Freight

1. Where Vendor and Bluestem Brands Buyer have agreed to prepaid freight terms, the Vendor is responsible for paying the cost of the freight to the customer. A fixed flat fee for freight must be negotiated with Bluestem Brands and must be included in the COGS communicated in the Product Portal during product setup.
2. Prepaid Dropship Order shipments are considered FOB Destination and are the responsibility of the Vendor until the customer accepts delivery. The selection of carrier and service level can be made at the Vendor's discretion, as long as the shipment is within Bluestem Brands' delivery window and a shipment confirmation is provided with a valid tracking number and Standard Carrier Alpha Code (SCAC) code for each shipment.
3. Freight claims for damage or loss to a prepaid shipment are the responsibility of the Vendor. In the event the customer needs to be contacted to assist with the claim, the Vendor must engage Bluestem Brands Customer Service to act as a liaison. Under no circumstances may the Vendor contact the customer directly.


Prepaid & Add Freight

1. Continental U.S. orders with PO Box addresses must ship via the United States Postal Service (USPS) Priority Mail. Vendors capable of shipping via USPS may opt to support this type of customer address.
2. If shipping via USPS is not an option, please request a street address through Orchard's Customer Service team. Please email orchardbrands-dropship@bluestem.com and include in the subject line "Address Correction Request and the PO number."
 - a. Allow 2 business days for a response. On the third day, if you have not received a response, cancel the PO as "cannot ship to PO box" reason code.
 - b. PO Box orders are exempt from late ship infractions.
3. Tracking numbers are required for all USPS shipments. A Dropship Order is not considered shipped until a valid tracking number has been communicated via the shipment confirmation.
4. When Shipping via USPS Priority Mail a manual invoice is to be created and emailed to Orchard.Dropship.Freight@bluestem.com.
 - a. The invoice should include the PO number, customer name, tracking number and invoice number.
5. USPS freight costs should be included in the COGS for Vendors that have a prepaid freight arrangement with Bluestem Brands.

Carrier Setup & Routing

1. Dropship Orders are eligible to ship to any residential home or business within the contiguous United States, as well as PO Boxes.
2. By Default, PO Box address types are enabled for selected products. Vendors who are not capable of shipping to these address types must indicate so on the Dropship Business Requirements tab in Active Community Manager (ACM).
3. Vendors are responsible for setting up proper billing to ensure customers are not required to pay additional shipping fees / Cash-on-Delivery (COD) expense in order to receive delivery of the goods.
4. The Dropship Order transmission must contain routing information indicating the exact Carrier and service level the order should be shipped with. In the event no specific carrier is identified, Vendor should default to the carrier for which they have been given a third party billing account and follow the service level indicated on the Dropship Order transmission.
5. If the routing information conflicts with the address type (USPS addresses), it is the Vendor's responsibility to recognize the USPS address type and ship via the appropriate carrier or obtain a physical street address through Bluestem Brands Customer Service.

6. In the event the vendor receives address correction charges, a manual invoice must be submitted within 60 days of the carrier invoice with the following information.
 - Invoice Date
 - Invoice Number
 - Shipper Number
 - PO Number
 - Date Shipped
 - Reason for charge
 - Charge amount
 - Visibility to original and corrected address



Invoice Number		Invoice Date		Account Number		Page
8-095-35399		Apr 10, 2023		[REDACTED]		82 of 144
Ship Date: Mar 29, 2023		Cust. Ref.: ORD0117472704		P.O.#: 470979600		
Payor: Shipper		Dept.#:				
We calculated your charges based on a dimensional weight of 33.0 lbs, 35 in x 18 in x 12 in, using a dimensional factor of 235.						
Tracking ID	637375981763	Sender	Recipient	Transportation Charge		32.18
Service Type	Home Delivery Ppd	Mike Malley	BERNICE DURHAM	Grace Discount		-5.79
Zone	05	Bluestem Brands	BERNICE DURHAM	Performance Pricing		-14.84
Packages	1	6250 Ridgewood Rd	132 MAY DR	Fuel Surcharge		1.56
Actual Weight	28.7 lbs	Saint Cloud MN 56303	SMITHFIELD NC 27577735332	Residential		2.06
Rated Weight	33 lbs			Total Charge	USD	\$15.17
Delivered	Apr 03, 2023					
Ship Date: Mar 29, 2023		Cust. Ref.: ORD0117445185		P.O.#: 470978678		
Payor: Shipper		Dept.#:				
Other charges billed out of week.						
Tracking ID	637375973868	Sender	Recipient	Address Correction		15.75
Service Type	Home Delivery Ppd	Mike Malley	ALEXANDRA DHALIWAL	Total Charge	USD	\$15.75
Zone	00	Bluestem Brands	5578 34TH ST			
Packages	1	6250 Ridgewood Rd	Apt 17			
		Saint Cloud MN 56303	JURUPA VALLEY CA 92509			

7. Unless expressly indicated in the Dropship Order transmission, add-on services including but not limited to: Signature Service (Direct or Indirect), Declared Value, and Add-On Insurance are prohibited. Vendors with these types of charges on their third party carrier account will be assessed a charged back as well as appropriate administrative fees.
8. Vendors are responsible for ensuring that all packages are shipped in accordance with the designated carrier's terms and conditions, including all applicable package content restrictions, weight and size limits.
 - a. Vendors will be responsible for any Overmax/Large Package penalties when packages exceed the carrier's Large Package and Overmax thresholds and vendor provided inaccurate information during product submission (shipping carton dimensions and weight). Thresholds are listed below,
 - (i) Large Package Threshold
 1. Length > 96 inches
 2. Length + 2*W + 2*H > 130 inches
 - (ii) Overmax Threshold
 1. Weight > 150 lbs.
 2. Length + 2*W + 2*H > 165 inches
 3. Length > 108 inches
9. Vendors are responsible for supplying accurate outside to outside shipping carton dimensions and weight to the carrier via end of day or package level detail (PLD) report. Shipments associated with the carrier's fees may be assessed chargebacks to offset the cost.

Vendor Managed Inventory

1. Out of stocks are lost sales potential and should be minimized
2. A minimum of 95% of the “available” assortment is expected to have quantity available at any point in time
3. Vendors can anticipate inventory needs based on historical sell-through data (available in CommerceHub®) and by utilizing the provided dropship forecast
 - a. Forecasts are estimates—we do not guarantee we will sell the exact amount

Inventory Feed Transmission

1. Product inventory information is communicated through the Dropship Order Broker. Vendors will receive training and guidance for submitting inventory through the Order Broker and are responsible for ensuring all necessary personnel can use the provided software and/or that electronic data feeds are successful on an ongoing basis.
2. Vendors must report available inventory at the Stock Keeping Unit (SKU) level and include any required elements defined in the Order Broker inventory feed submission specifications. All SKU(s) are required to have an inventory value submission in order for the product to be made available for sale through Bluestem Brands sales channels.
3. Only SKUs which have been approved to sell as Dropship by Bluestem Brands should be setup or transmitted to the Order Broker as part of the inventory file.
4. In the event of a transmission failure Vendors are responsible for correcting and resubmitting inventory the same business day the error is communicated. The Order Broker may provide a web interface to process inventory updates until data feeds have been corrected and automated electronic communication methods successfully resumed.

Oversells / Out-of-Stocks

1. Vendors are responsible for ensuring inventory is accurate on a daily basis and adjusting inventory levels throughout the day as necessary to avoid potential oversells.
2. Inventory communicated to Bluestem Brands is expected to be 100% available for Bluestem Brands' customers.
3. Vendors are required to zero out inventory the same business day for out-of-stock products.
4. Dropship Orders which cannot be fulfilled within the Standard agreed upon timeframe due to the lack of inventory must be canceled upon receipt. Backorders and substitutions are **NOT permitted**.

Product Discontinuations

1. Vendors are responsible for communicating **dropship item** status changes when an item moves from "active" to "discontinued". Bluestem Brands defines an item as "discontinued" when the vendor knows that an item will not be replenished once it has run out of stock.
2. If an item won't be replenished once it has run out of stock, update the item to reflect an availability status of "discontinued" via the Order Broker. Both "Discontinued Date" and "Discontinued status" are needed to make this update successfully.
3. A Discontinued item status will alert Bluestem Brands that the item has reached the end of incoming replenishment. If you are selling down the remaining stock of a discontinued item, you will need to update your inventory to reflect zero quantity once the available stock is depleted.
4. For any items that are discontinued by Vendor, the SKU, GTIN or model must remain on the inventory transmission reporting zero (0) quantity for a minimum of five (5) business days.

Electronic Order Processing

Dropship Order Transmission

1. Dropship Orders contain a single ship-to address but have the potential to include multiple lines and or multiple units.
2. The Vendor is responsible to "**ship complete**" or "**cancel**" at the **LINE ITEM level** for multi-line purchase orders.
3. Dropship Orders are transmitted to the Order Broker throughout the day and night. The on-time shipment window begins the first business day the Dropship Order is made available in the Order Broker regardless of when the Vendor chooses to download the order for processing.

On-Time Shipment

1. Unless otherwise negotiated in writing, all Dropship products are required to ship within the Standard Fulfillment Timeframe of two (2) business days.
2. An Extended Fulfillment Timeframe may be negotiated with Bluestem Brands for products which are not stocked as finished goods (personalized, customized built-to-order).
3. Day one (1) of the Fulfillment Timeframe begins the day the Dropship Order is posted in the Order Broker. Dropship Orders posted to the Order Broker by noon (12:00 pm), Eastern Time, will be counted as that day's orders. Orders received after noon (12:00 pm) Eastern Time are considered the next business day's orders. For orders received during reported holidays and non-working days the Fulfillment Timeframe will not start until the next business day.

4. A Dropship Order is considered “on-time” as long as the shipment confirmation has posted to the Order Broker by three (3:00 pm) Eastern Time on the third (3rd) business day for standard fulfillment, or three (3:00 pm) Eastern Time on the day following the last day of the Extended Fulfillment Timeframe for non-standard orders.
5. Dropship Orders not confirmed as shipped in the Order Broker by three (3:00 pm) Eastern Time on the day following the last day of the Fulfillment Timeframe are considered to be delinquent. Delinquent Dropship Orders will be subject to a late ship infraction as defined in the “Service Levels Management & Compliance” Section of this document.
6. Any Dropship Order past the cancel date provided in the order transmission will be subject to cancellation without prior notification.

Shipment Confirmations

1. Dropship Orders are not considered to be shipped until a successful ship confirmation is sent via the Order Broker and processed in by Bluestem Brands systems with valid and accurate tracking information.
2. Shipment confirmations must be posted no later than three (3:00 pm) Eastern Time to the Order Broker on the day after the carrier has taken possession of the shipment.
3. Shipment confirmations must include the complete, accurate tracking number transmitted in the appropriate segment or data field and indicate the actual carrier and service level used for the shipment following the SCAC codes provided by the Order Broker integration specifications.
4. Vendors may not submit shipment confirmations more than one (1) business day in advance of the carrier taking possession of the shipment.
5. Vendors **must** ship orders using the exact ship method and service level that was sent from Bluestem Brands. Please ensure that shipment confirmations also match ship method.

Cancellations

1. On occasion, Bluestem Brands may request a Vendor attempt to stop shipment on a Dropship order, due to customer request, potential fraud, or another reason. In such a case, Vendors should make a best effort to stop shipment and cancel the order. If the request can be accommodated, then the order should be canceled in the Order Broker within one (1) business day. If the cancellation request is unsuccessful and the order ships, Bluestem Brands must be notified, and the order must be confirmed with tracking information within one (1) business day. Bluestem Brands will not be responsible for payment on Dropship orders that are shipped to the customer after the Vendor confirms cancellation.
2. Vendors may not hold backorders for products which cannot be sourced within the agreed upon Fulfillment Timeframe. Dropship orders which cannot be fulfilled due to a

lack of inventory must be canceled as soon as possible, and no later than one (1) business day after the Dropship Order is made available in the Order Broker.

3. For non-product availability related issues preventing a Vendor from fulfilling a Dropship order (i.e., incomplete Ship-to Address, unable to identify the product ordered, etc.) Vendors should contact Customer Service to resolve the problem prior to cancelling the order. Please allow up to 2 business days for a response. On-time shipment Vendor Compliance Infractions will be waived as appropriate.
 - a. Appleseed's Orders: customerservice@appleseeds.com
 - b. Blair Orders: customerservice@blair.com
 - c. Draper's & Damon's Orders: customerservice@drapers.com
4. For all types of cancellations, Vendors must indicate why the Dropship Order was canceled by selecting the appropriate reason from the valid codes listed in the Order Broker.

Fulfillment Errors

1. In the event a customer receives the wrong or damaged / defective product, Bluestem Brands will issue a prepaid shipping label so the customer may send back the mis-shipped or damaged / defective products. In the event fulfillment errors exceed two (2) percent in a quarter, Bluestem Brands may pursue chargebacks to cover the additional costs to Bluestem Brands and any necessary appeasements to minimize the impact of the poor fulfillment experience provided by Vendor.
2. Replacement orders for mis-shipped, lost, damaged or defective goods which the customer wishes to reorder will be issued under a new Dropship Order number. Vendors must fulfill the replacement order pursuant to the same policies and procedures as any regular Dropship Order.
3. Drop Ship orders shipped to incorrect address. In the event the Vendor ships a drop ship order to an incorrect address (to the Bluestem Brands Corporate address), Bluestem Brands will expedite the package to the customer and debit the vendor for the additional freight. Failure to ship packages to the correct ship to address provided on the purchase order will result in offset expenses.

Returns

Customer Returns Processing

1. Unless otherwise specified by the Bluestem Brands Buyer, all Customer Returns will be sent to the Bluestem Brands approved warehouse for processing.
2. Bluestem Brands may, at its discretion, opt to resell Dropship Order returns if the goods are in deemed to be re-salable. Future orders will be fulfilled from returned stock until such stock is depleted.
3. Bluestem Brands will accept all returns from customers that fall within the guidelines for returns published in Bluestem Brands sales channels.

Return for Credit

1. Unless a returns allowance is negotiated in writing returned Dropship Order goods may be sent back to the Vendor for credit.
2. Bluestem Brands will not accept restocking fees for Dropship Order returns, unless negotiated in writing.
3. Dropship Order returns sent back to the Vendor during the valid returns period must be accepted for full credit. Unless negotiated in writing, the valid returns period is a minimum of sixty (60) days.
4. Where actual returns are sent back for credit, a debit will be assessed against active Vendor payments until COGS for the Dropship Order returns have been recouped.
5. Bluestem Brands may, at its discretion, choose to consolidate return shipments to Vendor. Such returns may include both stocked product returns as well as Dropship Order returns. A detailed invoice of shipment contents will be provided.

Returns Allowance

1. If a returns allowance has been negotiated, no actual returns will be sent to the Vendor for Dropship Orders, rather a flat percentage will be deducted from COGS on payments for Dropship Orders.
2. Bluestem Brands may resell, liquidate or donate returns as it sees fit unless negotiated in writing.

Undelivered Returns

1. In the event a customer return is routed back to the Vendor, the Vendor is responsible for processing and informing Bluestem Brands of the return within three (3) business days of receipt.

Direct Return-to-Vendor (RTV)

1. Bluestem Brands does not support a direct Return-to-Vendor (RTV) process at this time. Dropship Order returns are processed centrally, unless otherwise agreed to in writing. In the event a customer erroneously sends a return directly back to Vendor, Vendor should treat said return as undelivered, and follow the appropriate procedures for undelivered returns processing.

Invoicing

Calculating Payment Terms

1. There is no separate invoice required or accepted for Dropship Orders. Invoicing elements are included with the shipment confirmation and will be used to pay Vendor.
2. Bluestem Brands will issue payment based on the receipt date of the shipment confirmation plus terms. The terms period will not begin until a successful shipment confirmation has been processed, including the unique invoice number.
3. Any shipment confirmation received after 3:00pm Eastern time zone will be processed the next business day.
4. Payment will be generated by Bluestem Brands upon receipt of confirmation of shipment plus payment terms. Payment will include product cost as stated on the Purchase Order less any applicable deductions and may be made by Automated Clearing House (ACH), or check depending on the arrangements Vendor has made with Bluestem Brands.

Deductions & Hold Backs

1. Bluestem Brands may take deductions from Vendor's payment for negotiated off-invoice allowances, early payment discounts, returns, as well as chargebacks or non-compliance infraction penalties.
2. Upon termination or suspension of the relationship between Vendor and Bluestem Brands, Bluestem Brands may at its discretion elect to hold back a portion of the final payment to cover potential future returns, or expense offsets Vendor may owe Bluestem Brands. Such amounts shall be within commercially reasonable limits and shall be held for a maximum of one hundred (100) days, after which time the remainder of the payment will be released.
3. If at any point the funds owed Bluestem Brands are greater than the funds due to Vendor, Bluestem Brands reserves the right to invoice Vendor for the amount owed.

Add-On Freight

1. Bluestem Brands only accepts additional freight charges if Vendor does not have Prepaid freight terms and has shipped packages on Bluestem Brands behalf using Vendors own account.
2. All freight should be included for prepaid Vendors and any add-ons submitted for Dropship Orders will not be paid.
3. Acceptable additional freight charges should be billed separately to Bluestem Brands on a monthly basis. Manual invoice should be sent to Orchard.Dropship.Freight@bluestem.com On invoice, separate total charge by drop ship order number and date shipped if more than one order is on the invoice.
4. Please provide a copy/scan of the original freight invoice to substantiate the additional charges with invoice.

Remittance

1. An Invoice number is required for all Dropship Order shipment confirmations and must be unique across the entire spectrum of Bluestem Orders (including Purchase Orders for Warehouse shipments) for a specific Vendor number. Please use the PO number as your invoice number.
2. The invoice number supplied in the Shipment confirmation is the number that will appear on the remittance check.
3. Vendor will receive appropriate remittance information with payment. Electronic payments will include an electronic remittance.

Customer Service Obligations

Dropship Order Inquiries

1. Vendor is not authorized to engage customers directly. If a customer contacts Vendor, Vendor must refer the customer to Bluestem Brands' Customer Service.
 - a. Appleseed's Orders: customerservice@appleseeds.com
 - b. Blair Orders: customerservice@blair.com
 - c. Draper's & Damon's Orders: customerservice@drapers.com
2. Vendor must provide a Vendor customer service contact available during regular business hours via the contacts tab in Active Community Manager (ACM) and include both an e-mail address and phone number.
3. Inquiries from Bluestem Brands regarding Dropship Orders must be resolved as quickly as possible as and no later than one (1) business day after the inquiry is sent. Failure to respond within one (1) business day may result in the cancellation of the customer order, or the assessment of a compliance violation penalty.

Audit

1. Bluestem Brands may periodically audit Vendor's fulfillment and branding performance by issuing an order. Vendor will not receive advance warning of such orders. Results will be documented and will contribute to Vendor's performance review. If branding or fulfillment is not compliant with Bluestem Brands' requirements, Bluestem Brands may, at its discretion, stop orders until such time as Vendor is compliant.

Vendor Contact Updates & Closures

1. Vendor is responsible for notifying Bluestem Brands of any changes to the contacts that support Dropship for Bluestem Brands via the contacts tab in Active Community Manager (ACM).
2. Vendor must submit an annual list of all planned closures including holidays and year-end inventory reconciliation. Closure schedules must be emailed to Bluestem Brands Dropship Operations at orchardbrands-dropship@bluestem.com
3. For any unplanned warehouse closures, notify Bluestem Brands Dropship Operations as soon as possible.
4. For any planned warehouse closures, notify Dropship Operations at least 10 business days prior to closure. Dropship Operations will direct Vendor to next steps.

Service Levels Management & Compliance**Vendor Performance Evaluations**

1. Bluestem Brands will periodically assess Vendor performance to ensure that Vendor is meeting minimum service levels across Key Performance Indicators (KPI).
2. Failure to maintain minimum service levels may result in the re-evaluation of Vendor as a Dropship Vendor and potential termination of the Dropship relationship.
3. Bluestem Brands minimum service levels for Dropship Vendors include: Fill Rate at or above 99% of Dropship Orders and On-time ship rate at or above 99% of Dropship Orders.

Vendor Classification Tiers

1. Vendor Tiers will be assigned based on performance across KPI and the Vendor's ability to meet minimum service levels. KPI categories may include, but are not limited to, financial impact, operational performance (e.g., fill rates, fulfillment timeframe), policy compliance and relationship commitment.

Vendor Compliance Chargeback Fees

1. Separate fees apply for Dropship Order Vendor Compliance Infractions than Warehouse Purchase Orders. A complete overview of the Infraction Chargeback Fee Structure can be found on the following page.

2. The schedule and fines for Vendor Compliance Infractions are subject to change. Vendors will be given a minimum of sixty (60) days' notice prior to the effective date of any Vendor Compliance Infraction changes. During this notice period Bluestem Brands will measure the Vendor against the future performance standards, but not charge back the infraction amounts.
3. If non-compliance to one of Bluestem Brands requirements occurs, an infraction communication will be sent to the account manager, accounts receivable and vendor compliance contacts as noted in ACM, our vendor management system.
 - a. Infraction Chargebacks will be applied to open invoices or prepayment.

Schedule of Dropship Order Infraction Chargebacks

**During any month where Dropship Order Infraction Chargebacks are issued, a monthly \$30 administration fee will be assessed in addition to the Infraction Chargeback defined below.

Category	Error	Dropship Infraction Chargeback
Shipment	<u>Late Shipment:</u> Dropship Orders that are not confirmed as shipped within the agreed upon Fulfillment Timeframe are subject to a late shipment chargeback. See Dropship Supplier Requirements for specific guidelines on applying and calculating the fulfillment timeframe.	Level 1: 2-4 business days late - \$20 per purchase order Level 2: 5+ business days late – Fee increases to \$25 per order
	<u>Express Orders:</u> 2 nd Day Express orders not meeting the customer expected delivery date due to vendor not meeting Express Ship SLA	\$25 per purchase order *Express order expectation - ship same day the order is received
	<u>Oversell:</u> occurs when a Vendor provides an inventory commitment that allows the order to be placed, but ultimately cannot fulfill the order and cancels.	\$20 per purchase order *orders must be cancelled immediately if they cannot be fulfilled, back-order is not allowed
	<u>Invalid Ship Confirmation:</u> Missing, Incomplete or Invalid Shipment Confirmation including: <ul style="list-style-type: none"> • Tracking Number • Carrier Code (SCAC) • Service Level (SCAC) 	\$20 per purchase order *drives customer service contacts and creates a negative customer experience.
	<u>Shipped using Incorrect Carrier or Service Level:</u> Vendor <u>ships</u> a dropship order using a carrier or service level not provided in the order data (850), for example: SurePost, 2-Day Air	\$20 per purchase order

Category	Error	Dropship Infraction Chargeback
	<u>Shipped to Incorrect Address:</u> If a Vendor ships a dropship order to an address different from the purchase order or any Bluestem approved address revision.	\$20 per purchase order plus expedited shipping costs to send to customer.
Carrier Account Use	<u>Non-Approved 3rd Party Carrier Account Use:</u> Use of Bluestem Brands' Carrier accounts for any unapproved shipments. Shipments for tracking numbers that cannot be reconciled from data provided through the ASN are subject to chargeback for the full freight amount.	Full Freight Amount billed
Shipment Documents	<u>Packing Slip</u> is absent, includes any pricing, or has the following incorrect, incomplete, or missing. <ul style="list-style-type: none"> • Purchase Order Number • Bluestem Brands SKU • Vendor Model & Description • Returns Information 	\$20 per Dropship Order
EDI	<u>Ship Confirm, not physically shipped:</u> If a Vendor confirms a shipment via the order broker but has not physically shipped the product.	\$50 per Dropship Order
Freight Carrier	<u>Dimensional Errors:</u> Vendor does not provide accurate shipping carton dimensions to carrier or the dimensions provided are not within acceptable tolerance of the carrier.	\$10 per shipment *multi-unit orders are removed from chargebacks
	<u>Add on Services:</u> Vendors sending shipments on Bluestem's Account with additional services such as: <ul style="list-style-type: none"> • Signature Required • Declared Value 	\$10 per shipment
	<u>Overmax or Large Package Surcharges</u> Vendor provides inaccurate dimensions (shipping carton dimensions and weight) during the set up process resulting in carrier assessed charges to Bluestem	Overmax: \$920 per package Large Package: \$145 per package

Expense Offset Dispute Resolution

1. All disputes must be filed within **90 days** of the infraction issue date (NOTE: Disputes will not be reviewed if received after the 90-day window).

2. A written dispute notification needs to be emailed to Bluestem Brands vendor compliance at vcompliance@bluestem.com for review. The notification must include:
 - a. Infraction Number
 - b. Detailed documentation of the dispute